

ASSET MANAGEMENT and RESIDENT SERVICES

Two Types of Expense

- <u>Fees</u> PHA overhead (computer systems, office building expense, HR, Finance, Legal, Procurement, Regional Managers, etc.). All these types of expenses must be paid from the fees charged to the site
- Front-line site personnel, repair/maintenance, utilities, and insurance for the property, family selfsufficiency staff and program costs, etc.





Funding Resident Services

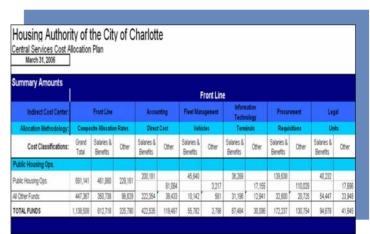
- Resident Services is a Front Line
 Expense and charged to the site
- It is preferable that all resident services, to the extent practical be site-based, allowing cost to be easily tracked by site
- If you can not reasonably track personnel costs for Resident Services you may prorate these costs to the sites





Funding Sources for Resident Services

- Site Operating Budgets:
 - Direct or Allocated Expense
 - Contributing Sources:
 - >Excess Cash
 - ➤ Capital Fund
 - ➤ Self-sustaining Real Estate Transactions
- Grants
 - HUD Grants (ROSS)
 - Other Grants





Excess Cash Formula

- Certain current asset accounts
 - Sum of all current liability accounts
 - 1 month's operating expenses for the project (total operating expenses ÷ by 12)
- PHA may transfer Capital Fund Program funds to operations in order to create excess cash, but this should be in the best interest of the property.



Use of Site's Excess Cash

If the AMP has excess cash available it may:

- Retain these funds for future use
- Transfer these funds to other AMPs
- Pay an asset management fee to the COCC
- Use these funds for other HUD-approved eligible purposes





Capital Fund

- Capital Fund program funds can <u>only</u> be used to directly support the projects and its residents!
- PHAs are permitted to transfer up to 20% of its Capital program funds to operations at the site level for front-line expenses, NOT the COCC
- This is a potential funding source for resident services, since they are a front-line expense of the site, either directly captured or allocated



HOPE VI - Mixed Financed Projects

- Requirement of the real estate transaction that a social service fee is paid from site budget annually to pay for our FSS program costs
- Build a resident services expense in to the pro-forma from the beginning
- Along with HUD revenue, other mixed income revenue is used to fund all expenses of the assisted units, including social services
- Social service reserve account is established upfront, just like an operating reserve



Asset Management Summary

- Forces funding focus down to project level
- Project expenses (front-line or allocated) need to be carefully budgeted at the project level
- Careful analysis is required for the organization's central office cost center
- Funding is basically the same but accounted for differently
- Requires a business approach with resident focus
- Promotes performance and financial accountability



Questions



